

West Coast Power LLC

2005 Integrated Energy Policy Report Docket 04-IEP-1

Committee Workshop on Electricity Issues and Policy Options

**Sacramento, CA
July 7, 2005**

Generation Resource Issues

- California needs to rapidly create a safe climate for private investment in new generation
- Steps need to be taken now so that, beyond 2006, new power plants get built
- California must pursue market reforms that attract and sustain new competitively priced generation investment
- The solution are contained in the Energy Action Plans:
 - Further demand reduction and more energy efficiency
 - Transmission additions and upgrades
 - Increase amount of renewable resources
 - New gas fired generation construction
- California should continue to undertake as much of the first three as can be feasibly accomplished
- California must take steps that assure investors that, if they invest in efficient and needed generation resources, they can expect to earn an adequate return on invested capital

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WCP Energy Policy Recommendations

- Resource Adequacy Requirements with penalties for noncompliance
- Tradable Capacity Market where capacity can be traded bilaterally or in a centralized market administered by CAISO
- LSEs must procure power plant capacity through long-term power purchase agreements
- Balanced Procurement Rules are needed to ensure level playing field between utility-owned assets and merchant assets
- FERC-Mandated “Must Offer” obligation should be lifted when RAR becomes operational
- Remove uncertainty over Core / Non-Core market structure
- State support needed to implement incentives for Repowering at existing sites
- Do not adopt restrictive staff recommendations contained in “Once-Through Cooling” Report until information is collected and evaluated in the Phase II 316(b) process

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Progress of State Government:	Signifi- cant	On Track	Needs Improvement
• Incorporate the 2003 Energy Report findings and results guide resource adequacy and procurement.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Increase energy efficiency funding/Evaluate and monitor energy efficiency programs.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Maximize energy efficiency of existing buildings.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Rapidly deploy advanced meters/Implement dynamic pricing tariffs.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Explore a core/noncore market structure.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Accelerate the Renewables Portfolio Standard goals.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Create a transparent distribution system planning process.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Consolidate permitting for bulk electricity transmission.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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Progress of State Government:

- Universal Resource Adequacy Requirements with penalties for noncompliance
- Standard Capacity Products that can physically deliver energy to specific location
- Tradable Capacity Market where capacity can be traded bilaterally or in a centralized market administered by CAISO
- CPUC must compel LSEs to procure power plant capacity through long-term power purchase agreements
- Balanced Procurement Rules are needed to ensure level playing field between utility-owned assets and merchant assets
- FERC-Mandated “Must Offer” obligation should be lifted when RAR becomes operational
- Remove uncertainty over Core / Non-Core market structure
- Transition to Locational Energy Markets

Significant	On Track	Needs Work
	✓	
		✓
		✓
		✓
		✓
		✓
		✓
	✓	

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